GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3059
ANSWERED ON:10.08.2001
VIOLATION OF TRANSFER PRICING NORMS
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have any proposal to reducing the penalties on the companies which violate the transfer pricing norms;

(b) if so, the details in this regard;

(c) the time by which these reduced norms will come into force;

(d) whether any analysis has been made with regard to the amount of revenue that the Government would get on this account; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) : No Sir.

(b)&(c) : Therefore, does not arise.

(d)&(e) : The revenue effect cannot be quantified on the basis of available data. Considering the increasing role played by multinational corporations in India, the new transfer pricing norms have the potential for enhancing tax revenues. However, the precise quantification of the increase in revenue on this account is not possible in the absence of adequate data.